

Message Text

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PAGE 01 MEXICO 11165 01 OF 02 061805Z

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 ITC-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00
OMB-01 XMB-02 OPIC-03 /090 W
-----073147 061855Z /46

R 061745Z JUL 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 3331

LIMITED OFFICIAL USE SECTION 01 OF 02 MEXICO 11165

E.O. 11652: N/A

TAGS: EGEN, MX

SUBJECT: USITC REQUEST FOR INFORMATION ON GOVERNMENT-OWNED
FIRMS IN MARKET ECONOMY COUNTRIES

REF: A) STATE A-1249, B) MEXICO 4817

1. THERE ARE SOME 800 PARAESTATALE (GOVERNMENT CAPITAL PARTICIPATION) COMPANIES IN MEXICO. WE HAD HOPED, WHEN WE SENT REFERENCE B, THAT WE WOULD BE ABLE TO LOCATE BALANCE SHEET DATA, OR INCOME OR MARKETING DATA, ON THE MOST IMPORTANT ONES. IN LARGE PART, WE HAVE NOT BEEN SUCCESSFUL.

2. MEXICAN PARAESTATALES DO NOT PUBLISH ANNUAL REPORTS OR BALANCE SHEETS WITH RARE EXCEPTIONS. IN FACT, GOM CONTROL OVER THE BUDGETS AND BALANCE SHEETS OF THE PARAESTATALES WAS SO TENUOUS THAT THE GOVERNMENT HAS RECENTLY INSTITUTED A MAJOR REFORM WHEREBY THE PARAESTATALES WERE BROUGHT UNDER THE DIRECT ADMINISTRATIVE CONTROL OF THE SEVERAL MINISTRIES TO WHOM THEY MOST CLOSELY RELATE. EVEN IF THE REFORM HAD PROGRESSED TO THE POINT WHERE INFORMATION WAS AVAILABLE TO CENTRAL GOM ORGANIZATIONS, IT IS DOUBTFUL IT
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PAGE 02 MEXICO 11165 01 OF 02 061805Z

WOULD BE MADE PUBLIC.

3. GOVERNMENT PARTICIPATION IN ENTERPRISES IN MEXICO IS EXERCISED IN TWO MODES. NONFINANCIAL PUBLIC ENTERPRISES ARE USUALLY WHOLLY GOVERNMENT OWNED, MANUFACTURING, SERVICE, OR MARKETING ENTITIES. THEY ARE SUBJECT TO BUDGET CONTROL BY THE GOVERNMENT, WITH ACCESS TO THE GOVERNMENT

INVESTMENT BANKS, NACIONAL FINANCIERA (NAFINSA) AND SOCIEDAD MEXICANA DE CREDITO INDUSTRIAL (SOMEX) FOR CREDITS. THIS GROUP INCLUDES POWER COMPANIES, RAILROADS, FOREST PRODUCTS, FERTILIZERS, STEEL MAKERS, AND MARKETING COMPANIES. THE SECOND MODE, NOT SUBJECT TO BUDGET CONTROL, IS THROUGH MAJORITY OR MINORITY SHAREHOLDING IN A WIDE RANGE OF MINING, MANUFACTURING, SERVICE, AND MARKETING ENTERPRISES. THE SHARES ARE USUALLY HELD BY NAFINSA AND SOMEX, OR SPECIALIZED FUNDS (FOMENTOS). THESE LENDING INSTITUTIONS WOULD UNDOUBTEDLY HAVE MUCH OF THE DATA SOUGHT. WE HESITATE TO APPROACH THEM WITH AN ENQUIRY OF THIS SCOPE ON WHAT IS GENERALLY CONSIDERED PRIVILEGED INFORMATION.

4. SOME BALANCE SHEET DATA SHOULD BE AVAILABLE IN WASHINGTON FROM THE EXPORT-IMPORT BANK ON THE PARAESTATALES WHICH HAVE BEEN LOAN CUSTOMERS, E.G., PETROLEOS MEXICANOS (PEMEX), ALTOS HORNOS, DINA, ET AL. PRIVATE BANKS PERFORMING CREDIT OPERATIONS IN MEXICO MAY ALSO HAVE BALANCE SHEET DATA SUBMITTED IN SUPPORT OF LOAN APPLICATIONS. PAST EMBASSY REPORTING, MEXICO A-50, 3/3/76, REPORTED ON THE GROWTH OF MEXICAN STATE PARTICIPATION DURING THE ECHEVERRIA ADMINISTRATION, AS PARAESTATALES MULTIPLIED FROM ABOUT 70 AT THE BEGINNING TO OVER 800 AT THE END. MEXICO 1678 DISCUSSED DIESEL NACIONAL (DINA)'S POOR FINANCIAL CONDITION. MEXICO 10486 DESCRIBED A NEW DINA-CUMM-LIMITED OFFICIAL USE

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PAGE 03 MEXICO 11165 01 OF 02 061805Z

INGS JOINT VENTURE UNDER WHICH DINA (THEREFORE THE GOM) WILL PARTICIPATE AT 50 PERCENT. MEXICO 9821 (LOU) RECOUNTS THE TAKEOVER BY NACIONAL FINANCIERA OF THE PRINCIPAL PRIVATE SECTOR STEEL COMPANY FUNDIDORA MONTERREY. IN ADDITION, IBRD AND IMF REPORTS ON MEXICO HAVE DEVOTED SOME CONSIDERATION TO THE ROLE OF THE GOM IN THE ECONOMY.

5. MEXICAN PARAESTATALES ARE EXTREMELY IMPORTANT TO MEXICAN IMPORTS. ALTHOUGH PARAESTATALES ACCOUNT FOR ROUGHLY 10 PERCENT OF MEXICAN GDP, THEY PROVIDE ABOUT 30 PERCENT OF MEXICAN EXPORTS. THE PRINCIPAL REASON IS THAT THE PARAESTATALES ARE HEAVILY CONCENTRATED IN THE EXPORTING SECTORS: PETROLEUM, AGROINDUSTRY, AND MINING, AS WILL BE SEEN FROM THE LIST BELOW.

6. THERE FOLLOWS A LIST OF PARAESTATALES WHICH THE EMBASSY HAS BEEN ABLE TO IDENTIFY AS HAVING EXPORTED MORE THAN \$1 MILLION IN 1976. (A CAUTIONARY NOTE: THE LIST IS INCOMPLETE BUT REPRESENTS THE EMBASSY'S EFFORT TO ACQUIRE DATA WHICH IS NOT ROUTINELY COLLECTED AND MADE PUBLIC.) THE INFORMATION WAS PROVIDED BY THE BANCO DE MEXICO, WHICH USED AN AVERAGE 1976 EXCHANGE RATE OF 15.6 PESOS TO \$1.

RECOGNIZING THAT SUCH AN EXCHANGE RATE IS UNRELIABLE IN A YEAR WHICH INCLUDED A DEVALUATION, THE EMBASSY HAS, THEREFORE, ROUNDED ALL EXPORT FIGURES TO THE NEAREST HUNDRED THOUSAND. COMPANIES ON WHICH THE EMBASSY HAS FILED WTDR'S ARE MARKED WITH A CROSSHATCH,

7. NAME	1976 EXPORT VALUE
#DIESEL NACIONAL, S.A.	\$ 3,000,000
#ALTOS HORNOS DE MEXICO, S.A.	18,300,000
RASSINI RHEMM, S.A. DE C.V.	27,300,000
#UNION NACIONAL DE PRODUCTORES	
DE AZUCAR, S.A.	40,800,000
#CIA. MINERA AUTLAN, S.A. DE C.V.	5,000,000

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PAGE 01 MEXICO 11165 02 OF 02 061812Z
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 XMB-02 OPIC-03 /090 W
-----073327 061852Z /46

R 061745Z JUL 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 3332

LIMITED OFFICIAL USE SECTION 02 OF 02 MEXICO 11165

#PETROLEOS MEXICANOS	414,000,000
#AERONAVES DE MEXICO, S.A.	2,000,000
#COMISION FEDERAL DE ELECTRICIDAD	2,600,000
#PESQUERA DEL PACIFICO, S.A.	2,800,000
#PESQUERA BAHIA TORTUGAS, S.A.	6,200,000
#INSTITUTO MEXICANO DEL CAFE	93,900,000
#CORDEMEX, S.A. DE C.V.	27,800,000
CIA. MINERA RIO COLORADO, S.A.	2,900,000
#ZINCAMEX, S.A.	1,900,000
CEMENTOS ANAHUAC DEL GOLFO, S.A.	1,600,000

EMBASSY WILL FORWARD ADDITIONAL MATERIALS ON PARAESTATALES BY POUCH TO ITC NOW AND AS THEY BECOME AVAILABLE.
THOMPSON

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Message Attributes

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Concepts: MARKETS, GOVERNMENT CORPORATIONS, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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